

## Legislative Update

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**Summary:** This report includes descriptions of SB 34 (Simitian), SB 571 (Wolk), and SB 834 (Wolk) and a list of other legislation of interest to the Council.

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### SB 34 (Simitian)

This bill would create the California Water Resources Investment Program and the California Water Resources Investment Fund supported by a fee and designed to strategically invest in various water-related, public-purpose activities.

#### DESCRIPTION

This bill would enact the California Water Resources Investment Act of 2011 to finance a water resources expenditure program. The Act would do the following:

##### Purpose:

- Establishes a sustainable revenue source to fund the public benefits of water-related projects and programs. Public benefits include enhancing public trust resources, protecting public health and safety, and technological research and development. In addition public benefit funding would be guided by the beneficiary-pays and polluter-pays principles.

##### Program Funding:

- The state would be responsible for funding projects that provide statewide public benefits; protect public trust resources; resolve interregional legacy problems; and that result in efficient administration.
- Regions of the state would be responsible for funding projects that provide public benefits to each region; protect public trust resources; protect public health; and resolve regional legacy problems.
- Neither the state nor any region would be responsible for funding any project that provides no public benefit; any improvement required as a condition for meeting project mitigation requirements; or any improvement that would accrue to a specific individual or group that could be identified as the sole beneficiaries.

##### Water Resources Fee Assessment:

- Characteristics of the assessment would include equal application and it would be comprehensive, free of loopholes, affordable, understandable, and easy to administer.

- It would be applied at the retail level and differently to nonagricultural (acre-feet of water used) and agricultural water users (number of acres irrigated).
- Proceeds from the assessment would be allocated equally to the state and to the regions for public benefit projects and programs.
- The assessment startup date would be July 1, 2012 with unspecified rates applied to nonagricultural and agricultural users with a reduced rate to be set for agricultural land using best management practices.

**Collection of Assessments:**

- The State Board of Equalization (BOE) would collect and administer the assessments.
- Retail water suppliers would be required to submit specified information to DWR by March 1, 2012 in order to establish a database of retail water suppliers subject to the assessment.

**Water Resources Investment Fund:**

- Assessment income would be deposited into specified accounts for BOE administrative expenses and for state and regional projects.
- Regional projects would qualify for funding if they are consistent with an integrated regional water management plan, a storm water resource plan, a groundwater management plan, or a water quality control plan.
- Funds in the State Investment Account would be used for projects of statewide significance, operating expenses of the Delta Stewardship Council, mercury contamination reduction in the Delta, scientific studies, and debt service on general obligation bonds for projects that provide statewide public benefits.

**Comments:** With respect to the beneficiary pays principle, due to the time and fiscal constraints the Council faces in order to develop the Delta Plan, it would be impossible to identify and evaluate the benefits to, and the negative impacts caused by, all of the entities described in the bill. For example, a successful restoration of salmon populations might economically benefit Fort Bragg commercial fishermen. Where will the resources come from to account for all of the fishermen who benefit and then assign a proportion of program costs to them? The fact is there are thousands of discrete entities that would be affected by the provisions of this bill and it would be a logistical and analytical nightmare to do any beneficiary pays assessments.

**SB 571 (Wolk)**

This bill would recast the organization and duties of the California Water Commission (CWC) and enact the California Water Investment Plan.

## DESCRIPTION

### Purpose:

- Proposes that the California Transportation Commission (CTC) serve as a model for the CWC to oversee funding allocations for water projects and programs.
- Removes the CWC from DWR oversight and establishes it as an independent state agency.
- Revises the content requirements of the California Water Plan.
- Establishes processes for the CWC to adopt a water investment plan similar to the state transportation improvement plan.
- CWC to make funding allocations for specific projects and programs.

### California Water Plan:

- Requires the CWC to update the plan by an unspecified date and every five years thereafter.
- The update would include a DWR report evaluating current and future conditions of state water resources (water supply reliability, water quality, flood management, etc.) and the impact of those conditions on natural resources.
- The update would include a DWR report recommending programs and policies to address impacts of statewide and regional concern included in an unidentified report.
- The update would include reports from the regional water planning agencies identifying programs and policies to address impacts of regional and local concern.
- Requires DWR and the regional agencies, in their reports, to include strategies describing and evaluating the development of new water storage facilities, water conservation and recycling, desalination, conjunctive use, water transfers, and alternative pricing policies.

### California Water Investment Plan:

- Requires the CWC to develop a water investment plan similar to the state transportation improvement plan (STIP) that includes estimates of future funds for water resources programs and projects, a state water investment plan, and regional water investment plans following the establishment of unspecified regional water planning agencies.

**Comments:** This bill is a work in progress and remaining topics to be addressed include funding to pay for CWC operations and all of the reports required of DWR and the regions. Also, the CTC oversees transportation financing and has been successful in its mission because it has a regular and dedicated funding stream. It is uncertain that this condition could ever prevail for water resources funding in California.

### **SB 834 (Wolk)**

This bill would require any region receiving water from the Delta watershed to demonstrate, in any integrated regional water management plan, that it complies with Water Code §85021. This section declares it is state policy to reduce reliance on the Delta for meeting future water supply demand by improving regional self-reliance with respect to water supply, water recycling, and water use efficiency.

#### **List of Attachments**

Attachment 1: Other Bills of Interest

#### **Contact**

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